

# **Kentucky Agricultural Development Board**

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## ***Minutes of the January 13, 2006 Special Board Meeting***

The Special Board Meeting of the Kentucky Agricultural Development Board was held on January 13, 2006 at 10:00 AM CST in the Ohio Room of the Executive Inn Rivermont, Owensboro, KY. Mike Judge, presiding, called the meeting to order, and the Secretary called the roll.

### **Roll Call**

#### ***Members Present***

Donna Amburgey; H. H. Barlow; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Mike Judge, designee); Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith (Jimmy Henning, designee); Secretary Gene Strong (Don Goodin, designee)

#### ***Members Absent***

Dennis Griffin, Vickie Yates Brown, Danny Case, Governor Ernie Fletcher

#### ***Others Present***

**Staff** - Catherine Ball, Angela Blank, Brian Furnish, Tim Hughes, Maggie May, Christi Marksbury, Bill McCloskey, Joel Neaveill, Keith Rogers, Nick Whobrey, Stephen Yates

**Guests** – Joe Pirrone, Mike Pirrone Produce; Henry DeBlouw, Mike Pirrone Produce; Barney Denney, Cumberland Farm Products (CFP); Wendy Marcum, CFP; Ronnie Sexton, CFP; Randy Marcum, Cabbage, Inc.; Anna Kendrick, Kentucky Department of Agriculture (KDA); Mac Stone, KDA; John Sharpe, CFP; Brent Rowell, University of Kentucky (UK); Charles Goodin Jr., Goodin View Farms Inc.; Larry Snell, KCCD; Laura Powers, KCCD; Brent Lackey, KCCD; Sharon Burton, Farmer's Pride; Marty G. Baker, West Kentucky Growers Cooperative; and Brian D. Hacker, South East Kentucky Ag Cooperative

### **Notification of Media**

Mr. Judge received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Special Agricultural Development Board meeting.

### **Welcome**

Mr. Judge welcomed everyone and thanked them for attending the special meeting in Owensboro.

### **Approval of Minutes**

The minutes of the December 16, 2005 meeting were approved as presented. H.H. Barlow moved to approve the minutes; Rodney Dick seconded the motion. The motion passed without dissent.

### **Executive Director's Report**

Keith Rogers updated board on Dennis Griffin. Mr. Griffin is out of hospital and is in better health. He thanked the audience for attending the meeting.

Mr. Rogers then turned the meeting over to Kirk Martin of Ascendant Partners, Inc. for the feasibility study. He thanked him for all of his hard work on this endeavor.

## **Presentation**

KPAA Feasibility Study by Kirk Martin of Ascendant Partners, Inc. (Refer to Packet)

## **Discussion & Answer Session with Kirk Martin**

Mr. Martin gave board members the opportunity to ask questions about the study.

## **Update on Current Status of Vegetable Growers Cooperatives**

Mr. Alan Taylor from the West Kentucky Cooperative stated that WKGC were currently in the process of getting a financial audit. He reported that they were at a net operating loss of \$152,000 for the fiscal year. Operation was ceased at the end of the year and the employees were laid off.

Mr. Chris Clark from the Green River Produce Marketing Association reported that the cooperative voted at the November meeting to cease operations. At the end of the year, they came to close to \$20,000 to breaking even.

Mrs. Wendy Marcum from Cumberland Farm Products reported there were a small number of growers for the year. She thanked the board for the loan. They are trying to diversify their operation to include farm supplies and a farmer's market.

Darryl Fryman from Central Kentucky Growers Association operated in 2005 with a \$50,000 loss. They do plan to operate in 2006. The cooperative had been working with Kirk Martin and they hope the feasibility study will bring something new ideas to the table.

## **Comments**

Jackson Woodward from the The Horton Fruit Company was invited to speak to the group. He gave a brief history of his involvement with Kentucky produce. Horton's is out of space in their current facilities. They have facilities in Kentucky and Tennessee. They contract with growers to produce what they need for their clients. He is interested in a private use of the facilities to store product for the company. Their company is most interested in the Green River facility.

Joe Pirrone from Mike Pirrone Produce Company was invited to speak to the group. He gave a brief report of the company and why they like Kentucky as a potential outlet. They would like to form a company called Blue Grass Vegetable Marketing, LLC in both the Georgetown and Owensboro facilities. Pirrone's wants to lease both facilities and totally manage them.

Randy Marcum from Cabbage, Inc. was invited to speak to the group. He feels Kentucky has a great potential in the produce business, but they need more cooler space in the state. Cabbage, Inc. would like to buy more produce in Kentucky and branch out into the state. Currently, they are only buying from the Southern part of Kentucky.

**New Business**

Mr. Rogers presented a memo on the West Kentucky Growers Cooperative request to liquidate assets. Questions were asked by the board and Mr. Alan Taylor answered those questions along with Mr. Rogers and Joe Cecil. Mr. Rogers clarified to the board that the loans to Independence Bank must be paid in full and the bank will determine the order of the loans to be paid. The taxes and bank loans will be paid prior to funds returning to the Agricultural Development Board. The staff recommendation was that the Agricultural Development Board (ADB) make the following approval contingent upon the WKGC membership approval of the sale pursuant KRS 272.241 and receipt of Independence Bank's approval.

The contingent approval is as follows:

- WKGC be authorized to contract with an auction company for the sale of the 156 acres of farmland and the equipment specifically listed in the attached letter of January 10, 2006;
- This sale is to take place no later than February 28, 2006;
- The assets are to be sold to the highest bidder, with no reserve subject to approval of Independence Bank; and
- The net proceeds from the sale of the assets will be applied in the following order:
  - First, the proceeds will be applied to the 2005 Daviess County Ad Valorem Property Taxes due on January 31, 2006 and estimated to be \$16,778.90;
  - Second, the proceeds will be applied to the three loans at Independence Bank totaling with interest an estimated \$387,424.73 as of February 1, 2006; and
  - Third, the balance available from the net proceeds will be provided to the ADB, unless the ADB releases the total amount or a portion thereof for other debts of WKGC.

During the period of time until the proceeds are realized, the ADB pledges to work in good faith with the Board of WKGC to review their financial situation and the possibility of part or all of the proceeds due to the ADB, to be used to address other debts held by WKGC as of January 12, 2006. In this effort, the WKGC Board must provide financial documents as requested by the ADB and the Governor's Office of Agricultural Policy. The WKGC Board also agrees to diligently work with the Governor's Office of Agricultural Policy Staff and Kentucky Center for Cooperative Development, in review and analysis of the information so that the information and a recommendation can be provided to the ADB.

**Sam Lawson moved to accept the staff recommendation listed in the staff memo; John Cleaver seconded the motion. The motion passed without dissent.**

### **Closing Remarks**

Mr. Rogers encouraged the board to think about the issues discussed at the meeting. He encouraged them to call or email with any questions in the next week. The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 AM EST on Friday, January 20, 2006 at the Franklin County Extension Office in Frankfort, KY Motion to adjourn was made by Mr. Cleaver and seconded by Mr. Dick. The motion passed without dissent

The meeting adjourned at 4:22 PM CST.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

